

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

m

W-02472A
Mescal Lakes Water Systems Inc.
PO Box 85160
Tucson, AZ 85754

RECEIVED

MAR 20 2008

AZ CORP COMM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2007
----	----	------

FOR COMMISSION USE

ANN 04	07
--------	----

PROCESSED BY:

3-20-08

SCANNED

COMPANY INFORMATION

Company Name (Business Name) Mescal Lakes Water Systems, Inc.		
Mailing Address 2102 N. Forbes, #107		
(Street)		
Tucson	AZ	85745
(City)	(State)	(Zip)
520-623-5172	520-792-0377	
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		
Local Office Mailing Address same as above		
(Street)		
(City)	(State)	(Zip)
Local Office Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: Southwestern Utility Management, Inc.		
(Name) (Title)		
2102 N. Forbes, #107	Tucson	AZ
(Street)	(City)	(State)
85745		
(Zip)		
520-623-5172	520-792-0377	
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		
On Site Manager: Steve Siegfried		
(Name)		
2102 N. Forbes, #107	Tucson	AZ
(Street)	(City)	(State)
85745		
(Zip)		
520-623-5172	520-792-0377	
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		

Please mark this box if the above address(es) have changes or are updated since the last filing.

Statutory Agent Ezra H. Lewis			
(Name)			
2102 N. Forbes, #107	Tucson	AZ	85745
(Street)	(City)	(State)	(Zip)
520-623-5172	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney:			
(Name)			
(Street)			
(City)			
(State)			
(Zip)			
Telephone Number (Include Area Code)			
Fax No. (Include Area Code)			
Pager/Cell No. (Include Area Code)			

Please mark this box if the above address(es) have changes or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to you company:

<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-Op)
<input type="checkbox"/> Partnership (P)	<input checked="" type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-Op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input checked="" type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D (OC less AD)
301	Organization	104	---	104
302	Franchises	250	---	250
303	Land and Land Rights	9063	---	9063
304	Structures and Improvements	34243	6919	27324
307	Wells and Springs	70969	24229	46740
311	Pumping Equipment	72472	30327	42145
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	127325	46528	80797
331	Transmission and Distribution Mains	533052	322159	210893
333	Services	98837	41011	57826
334	Meters and Meter Installations	48747	24538	24209
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	995062	495711	499351

This amount goes on the Balance Sheet Acct. No. 108



CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)*
301	Organization	104		
302	Franchises	250		
303	Land and Land Rights	9063		
304	Structures and Improvements	34243	5%	1438
307	Wells and Springs	70969	5%	2460
311	Pumping Equipment	72472	5%	2218
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	127325	5%	4252
331	Transmission and Distribution Mains	533052	5%	11100
333	Services	98837	5%	3044
334	Meters and Meter Installations	48747	5%	1274
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	995062		25786

This amount goes on Comparative statement of Income and Expense
Acct. No. 403.

Less: Amortization of C.I.A.C.

(220)
\$ 25,566

*Depreciation for 2007 is calculated on O.C.L.D. x 5%.

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 30283	\$ 56734
134	Working Funds		
135	Temporary Cash Investments	255099	224088
141	Customer Accounts Receivable	31251	32726
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 316633	\$ 313548
	FIXED ASSETS		
101	Utility Plant in Service	\$ 968484	\$ 995062
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(469925)	(495711)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 498559	\$ 499351
	TOTAL ASSETS	\$ 815192	\$ 812899

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 6737	\$ 6669
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	48490	52033
236	Accrued Taxes	903	878
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 56130	\$ 59580
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	336614	343765
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	141573	145973
272	Less: Amortization of Contributions	(141573)	(141793)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 336614	\$ 347945
	TOTAL LIABILITIES	\$ 392744	\$ 407525
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 100	\$ 100
211	Paid in Capital in Excess of Par Value	159638	159638
215	Retained Earnings	262710	245636
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 422448	\$ 405374
	TOTAL LIABILITIES AND CAPITAL	\$ 815192	\$ 812899

Retained Earnings 1/1/07	\$262710
Net Income for 2007	42926
Dividends Paid	(60000)
Retained Earnings 12/31/07	<u>\$ 245636</u>

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 189109	\$ 190416
460	Unmetered Water Revenue		
474	Other Water Revenue	2925	1950
	TOTAL REVENUES	\$ 192034	\$ 192366
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	13453	15505
618	Chemicals	31	42
620	Repairs and Maintenance	2801	1791
621	Office Supplies and Expense	2914	4400
630	Outside Services	75387	76537
635	Water Testing	1616	6095
641	Rents		
650	Transportation Expense	10728	11960
657	Insurance – General Liability	5995	7535
659	Insurance – Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	455	
403	Depreciation Expense	25744	25566
408	Taxes Other Than Income		
408.11	Property Taxes	10920	10792
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 150044	\$ 160223
	OPERATING INCOME/(LOSS)	\$ 41990	\$ 32143
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 9137	\$ 9953
421	Non-Utility Income	888	1098
426	Miscellaneous Non-Utility Income		
427	Interest Expense	(250)	(268)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 9775	\$ 10783
	NET INCOME/(LOSS)	\$ 51765	\$ 42926

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	-----			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principal	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 36558.50

Meter Deposits Refunded During the Test Year \$ 5406.50

COMPANY NAME Mescal Lakes Water Systems, Inc.

Name of System ADEQ Public Water System Number (if applicable) 02-052

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-800432 (not in service)	15	80	415	8	2	1975
55-800433	5	10	1098	6	N/A	1971
55-561268	15	140	400	8	2	1997

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	4		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000	1	3,000	1
50,000	1	5,000	1

See Accountants' Report.

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Mescal Lakes Water Systems, Inc.		
Name of System:	Mescal Lakes	ADEQ Public Water System Number:	02-052

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3	PVC	1,870
4	PVC	19,415
5		
6	PVC	44,600
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	517
3/4	2
1	7
1 1/2	
2	4
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

None

STRUCTURES:

770' of 6' Chain link fence

24 x 36 Building

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

PROPERTY TAXES

Amount of actual property taxes paid during Calendar year 2007 was \$ 10792.30

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property tax paid, explain why. _____

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

MAR 20 2008

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

(COUNTY OF (COUNTY NAME))	
Pima	
NAME (OWNER OR OFFICIAL)	TITLE
Ezra H. Lewis	President
COMPANY NAME	
Mescal Lakes Water Systems, Inc.	

AZ CORP COMM
Director Utilities

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE
ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

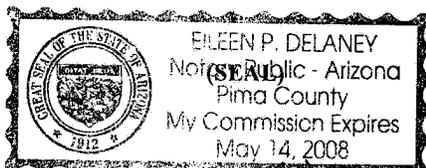
I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Ezra H. Lewis
SIGNATURE OF OWNER OR OFFICIAL

520-623-5172
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 18 DAY OF MARCH

COUNTY NAME	PIMA
MONTH	2007



MY COMMISSION EXPIRES MAY 14, 2008

Eileen P. Delaney
SIGNATURE OF NOTARY PUBLIC

SEE ACCOUNTANTS' REPORT.

INCOME TAXES

For this reporting period, please provide the following:

Federal Taxable Income Reported S Corporation
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported S Corporation
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Ezra H. Lewis
SIGNATURE

3-18-08
DATE

Ezra H. Lewis
PRINTED NAME

President
TITLE

RECEIVED

MAR 20 2008

VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only

AZ CORP COMM Director Utilities

VERIFICATION STATE OF I, THE UNDERSIGNED OF THE

Arizona

Form with fields: COUNTY OF (COUNTY NAME) Pima; NAME (OWNER OR OFFICIAL) TITLE Ezra H. Lewis, President; COMPANY NAME Mescal Lakes Water Systems, Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

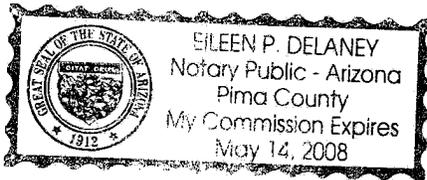
Table with columns: MONTH 12, DAY 31, YEAR 2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona IntraState Gross Operating Revenues Only (\$) \$ 204336



(THE AMOUNT IN THE BOX ABOVE INCLUDES \$ 11970 IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

Signature of Ezra H. Lewis, Telephone Number 520-623-5172

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 18 DAY OF

Form with fields: COUNTY NAME PIMA; MONTH MARCH 20 08

(SEAL)

MY COMMISSION EXPIRES May 14, 2008 See Accountants' Report.

Signature of Notary Public Eileen P. Delaney

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED

MAR 20 2008

VERIFICATION

AZ CORP COMM
Director Utilities

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

(COUNTY NAME) Pima	
NAME (OWNER OR OFFICIAL) Ezra H. Lewis	TITLE President
COMPANY NAME Mescal Lakes Water Systems, Inc.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

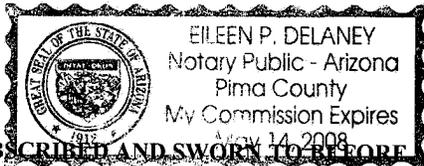
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01 ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 197684

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 11699 IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.**

Ezra H. Lewis
SIGNATURE OF OWNER OR OFFICIAL



520-623-5172
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS** 12 **DAY OF**

NOTARY PUBLIC NAME EILEEN P. DELANEY	
COUNTY NAME PIMA	
MONTH MARCH	YEAR 2008

(SEAL)

Eileen P. Delaney
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES MAY 14, 2008

See Accountants' Report

2007 FIRST HALF PAYMENT COUPON

Payment in U.S. Funds Only

Due October 1, 2007

MESCAL LAKES WATER SYSTEM

338-60-900 6 Roll Number: 0119665

Delinquency Date First Half Payment
Penalty for late payment is 16% per year prorated monthly as of the 1st day of the month for payments postmarked after 5:00 P.M. November 1, 2007 (ARS 42-18052 and ARS 42-18053).

Any total property tax notice of \$100 or less must be paid in full using the first payment coupon, no later than November 1, 2007 at 5:00 P.M.

To pay taxes for the full year, send the 1st half coupon with your payment postmarked no later than Dec. 31, 2007. Delinquent interest will be waived.

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

TO PAY 1ST HALF ONLY PAY ▶ **5,286.13**
TO PAY FULL YEAR TAX PAY ▶ **10,572.26**

If your mortgage company makes your property tax payments consider this notice as a courtesy copy for your records only.



029386090000600000528613



Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

2007 9386090006 1 00000105722600000528613

2033

MESCAL LAKES WATER SYSTEMS, INC.

P.O. BOX 85160
TUCSON, ARIZONA 85754
(520) 623-5172

Wells Fargo Bank, N.A.
Tucson, AZ 85745

91-527-1221

10/10/2007

PAY TO THE ORDER OF: Marsha Bonham - Cochise Co. Treasurer

\$ **5,286.13

Five Thousand Two Hundred Eighty-Six and 13/100*****

DOLLARS

Marsha Bonham -
Cochise Co. Treasurer
PO Box 1778
Bisbee AZ 85603-2778

VOID AFTER 90 DAYS

AUTHORIZED SIGNATURE

MEMO 1st Half 2007, Parcel 938-60-900-6

⑈002033⑈ ⑆122105278⑆ 298530210⑈

MESCAL LAKES WATER SYSTEMS, INC.

2033

Marsha Bonham - Cochise Co. Treasurer

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
10/3/2007	Bill	938-60-900-6	5,286.13	5,286.13		5,286.13
				Check Amount		5,286.13

131100 - Wells Fargo 1st Half 2007, Parcel 938-60-900-6

5,286.13

Security features. Details on back.

2007 FIRST HALF PAYMENT COUPON

DETACH AND RETURN WITH PAYMENT

Make check payable to:
Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

Payment in U.S. FUNDS ONLY

1

Due October 1, 2007
MESCAL LAKES WATER SYSTEMS INC
124-15-626 8 Roll Number: 0062573

TO PAY 1ST HALF ONLY	PAY	74.04
TO PAY FULL YEAR TAX	PAY	148.08

Delinquency Date First Half Payment
Penalty for late payment is 16% per year prorated
monthly as of the 1st day of the month for payments
postmarked after **5:00 P.M. November 1, 2007**
(ARS 42-18052 and ARS 42-18053).

**If your mortgage company makes your property
tax payments consider this notice as a courtesy
copy for your records only.**



021241562600800000007404

Any total property tax notice of \$100 or less must
be paid **in full** using the first payment coupon, **no
later than November 1, 2007 at 5:00 P.M.**



Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

To pay taxes for the full year, send the 1st half
coupon with your payment postmarked no later than
Dec. 31, 2007. Delinquent interest will be waived.

2007 1241562608 1 00000001480800000007404

2036

MESCAL LAKES WATER SYSTEMS, INC.

P.O. BOX 85160
TUCSON, ARIZONA 85754
(520) 623-5172

Wells Fargo Bank, N.A.
Tucson, AZ 85745

91-527-1221

10/18/2007

PAY TO THE ORDER OF **Marsha Bonham - Cochise Co. Treasurer**

\$ ****74.04**

Seventy-Four and 04/100*****

DOLLARS

Marsha Bonham -
Cochise Co. Treasurer
PO Box 1778
Bisbee AZ 85603-2778

VOID AFTER 90 DAYS

AUTHORIZED SIGNATURE

MEMO
1st Half 2007, Parcel 124-15-626 8

⑈002036⑈ ⑆122105278⑆ ⑆6298530210⑈

Security features. Details on back.



MESCAL LAKES WATER SYSTEMS, INC.

2036

Marsha Bonham - Cochise Co. Treasurer

10/18/2007

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
10/1/2007	Bill	1st Half 2007	74.04	74.04		74.04
				Check Amount		74.04

2005 SECOND HALF PAYMENT COUPON

Due March 1, 2007

MESCAL LAKES WATER SYSTEM

938-60-900 6 0117585

Delinquency Date Second Half Payment

Penalty for late payment is 16% per year prorated monthly as of the 1st day of the month for payments postmarked after 5:00

P.M. May 1, 2007 (ARS 42-18052 and ARS 42-18053).



Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

TO PAY 2ND HALF

PAY

5,362.06

If your mortgage company makes your property tax payments consider this notice as a courtesy copy for your records only.



029386090000600000536206



Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

2006 9386090006 2 00000107241200000536206

2006 SECOND HALF PAYMENT COUPON

Due March 1, 2007

MESCAL LAKES WATER SYSTEMS INC

124-15-626 8 0061053

Delinquency Date Second Half Payment

Penalty for late payment is 16% per year prorated monthly as of the 1st day of the month for payments postmarked after 5:00

P.M. May 1, 2007 (ARS 42-18052 and ARS 42-18053).

DETACH AND RETURN WITH PAYMENT



Make check payable to:
Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

Payment in U.S. FUNDS ONLY

TO PAY 2ND HALF

PAY

70.07

If your mortgage company makes your property tax payments consider this notice as a courtesy copy for your records only.



02124156260800000007007



Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

2006 1241562608 2 00000001401400000007007

MESCAL LAKES WATER SYSTEMS, INC.

P.O. BOX 85160
TUCSON, AZ 85754
(520) 623-5172

WELLS FARGO BANK, N.A.
WWW.WELLSFARGO.COM
91-527/1221

1955

4/18/2007

PAY TO THE ORDER OF Marsha Bonham - Cochise Co. Treasurer

\$**5,432.13

Five Thousand Four Hundred Thirty-Two and 13/100*****

DOLLARS

Marsha Bonham - Cochise Co. Treasurer

VOID AFTER 90 DAYS

MEMO:

00 1955 22 105278 5306074245

MESCAL LAKES WATER SYSTEMS, INC.

1955

Security features. Details on back.

HOLM, HESTAND & VALENZUELA, CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

3131 NORTH COUNTRY CLUB ROAD, SUITE 109

TUCSON, ARIZONA 85716

**DOUGLAS R. HOLM, CPA
EMMA K. HESTAND, CPA
JANETTE G. VALENZUELA, CPA**

**TELEPHONE: (520) 326-8483
FAX: (520) 795-5191
E-MAIL: HHVCPA@EARTHLINK.NET**

We have compiled the balance sheets of Mescal Lakes Water Systems, Inc. as of December 31, 2007 and 2006, and the related comparative statements of income and expense for the years then ended, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above, and accordingly, do not express an opinion or any other form of assurance on them.

These financial statements and the supplementary information are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Holm, Hestand - Valenzuela CPAs P.C.

March 9, 2008